GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:2443
ANSWERED ON:01.08.2016
Promotion of Infrastructure Sector
Reddy Shri Ponguleti Srinivasa;Singh Shri Bhola;Thakur Shri Anurag Singh

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the Government is aware that growth of the infrastructure sectors is declining at an alarming rate;

(b) if so, the details thereof and the reasons therefor;

(c) the details of the measures taken by Government to revamp Public-Private Partnership on infrastructure development with reference to Kelkar Committee recommendations, if so, the details thereof; and

(d) the other steps taken by the Government to revive the growth of infrastructure sector and progress made so far in this regard?

Answer

???????? ??? ?????? ???????????? (????????? ??????)(??????? ??????? ???????)
THE MINISTER OF STATE (INDEPENDENT CHARGE)
OF THE MINISTRY OF COMMERCE & INDUSTRY
(SHRIMATI NIRMALA SITHARAMAN)

(a) & (b): The detail of the growth rate of Infrastructure sectors during last two years is given in the table below:

Table: Growth Rate of Infrastructure Sector
<pre>

Sector 2014-15 2015-16
Power(BU) 8.8 5.7
Coal(MT) 7.7 4.7
Steel (Finished) (MT) 5.3 -1.9
Cement(MT) 5.8 4.5
Fertilizers(MT) 1.1 9.0
Petroleum
(i) Crude Oil (MT) -0.9 -1.4
(ii) Refinery (MT) 0.3 3.5
(iii) Natural Gas(MCM) -4.9 -4.1
Roads (Widening & Strengthening of Highways)
(i) NHAI (KM) -21.0 32.4
(ii) State PWD & BRO (KM) -10.6 11.0
Railway Revenue Earning Freight Traffic 4.1 0.6
Shipping & Ports
(i) Cargo Handled at Major Ports (MT) 4.6 4.3
(ii) Coal handled at Major Ports (MT) 13.2 10.3
Civil Aviation
(i) Export Cargo Handled (Tonnes) 6.6 5.9
(ii) Import Cargo Handled (Tonnes) 7.3 9.9
(iii) Passengers Handled at International Terminals (Lakhs) 7.9 7.6
(iv) Passengers Handled at Domestic Terminals(Lakhs) 13.8 20.9
</pre>

Source: MoSPI

MT: Million Tonnes; BU: Billion Units; MCM: Million Cubic Meter; KM: Kilometer

The reasons for the slowdown in some of these sectors in recent past are, inter-alia, moderation in domestic demand, slowdown in economies of other parts of the world and sector specific issues.

(c): Since infrastructure contracts are long term, they are sometimes subject to uncertainties inherent in long term partnerships. Few constraints identified by Government include over leveraged balance sheets of the developers, global macro-economic developments, land acquisition issues, environmental/forest clearances and lack of dispute resolution mechanism. The same has been pointed out by the "Committee on Revisiting and Revitalising PPP Model in Infrastructure" headed by Dr. Vijay Kelkar in their

Report submitted to Government in November, 2015. The recommendations of the Committee (available in public domain on URL http://finmin.nic.in/reports/ReportRevisitingRevitalisingPPPModel.pdf.) include, inter-alia, steps to be taken by all stakeholders including public authorities, state and regulatory authorities, corporate sector, private developers, development contractors and financial institutions. These also include constant capacity building by each group of stakeholder. While government has taken measures on its part, steps need to be taken by the other parties.

(d): Government has taken various steps to boost investments in infrastructure sector which includes launching of innovative financial vehicles such as Infrastructure Debt Funds (IDFs), Real Estate Investment Trusts (REITs)/Infrastructure Investment Trust (InVITs), National Infrastructure Investment Fund (NIIF), laying down a framework for municipal bonds, issuance of Tax Free Bonds, allowing complete pass through of income tax to securitization trusts including trusts of Asset Reconstruction Companies (ARCs), bringing in 5/25 Scheme to extend long tenor loans to infrastructure projects, take-out finance, flexible structuring and refinancing of project loans, higher credit exposure limits for single and group borrowers, and single NBFC/NBFC-Asset Financing Company and Infrastructure Financing Company, amendment in investment norms of insurance companies, Employees' Provident Funds, etc.

Apart from this, the Government has taken steps to boost the industrial production and growth. These inter-alia, include Startup India initiative as well as 'Make in India' programme under which 25 thrust sectors to provide a major push to manufacturing in India have been identified. The steps have been taken to create ease of doing business, including setting up of an Investor Facilitation Cell, launch of e-biz Portal and liberalising policy for industrial license for defence industries. The Foreign Direct Investment (FDI) policy and procedures have been simplified and liberalised progressively. For creation of state-of-art infrastructure, Government is implementing Delhi Mumbai Industrial Corridor (DMIC) project. In addition, a number of other industrial corridor projects have been conceptualized.

*****